

company declined under the influence of competition was illustrated in a striking manner by the history of the East India Company, whose stock stood at 158 in the beginning of 1692, but sank to 38 after Montague brought forward his plan for the new or English East India Company. The close calculations which are now made regarding the earning capacity and value of stocks were little understood at that time and the unreasonable declines as well as extravagant advances which occurred are illustrated a little later by the history of the Mississippi scheme in France and the South Sea Bubble.

The bank had real financial difficulties to cope with as well as those arising from political distrust and competition. The recoinage which was ordered by the Act of 7 William III., ch. i, to take full effect on February 1, 1697, found the bank with a large quantity of clipped coin on hand for which they were bound to pay in new pieces of full weight. The new coinage was progressing too slowly to meet demands, the smallest denomination of bank-notes was $\text{.}^{\wedge}20$, and the result was a run upon the bank for cash during the week beginning May 4, 1696. The goldsmiths were charged with gathering together $\text{^}30,000$ in notes for the purpose of breaking the bank. The directors, knowing the purpose of the demand, refused to redeem these notes, but voted to continue their payments to their ordinary customers. Sir John Houblon, who was Lord Mayor as well as Governor of the bank, succeeded in reassuring the applicants for cash for a time, and the proprietors of the bank agreed to put off their dividend. The government failed, however, to make an expected payment of $\text{^}80,000$ and the bank was compelled to accept an order of the Lords of the Treasury on July 13, 1696, that no public notary should enter a protest upon any bill of the Bank of England for fourteen days. As a protest could only be effective at that time when thus entered, the effect of the order was a practical suspension of specie payments, which lasted until the autumn of 1697.

It is not surprising that the bank was unable to cope with its difficulties and that many impracticable and speculative